

RESTAURANT INSIDER

"NEWS YOU CAN USE"



NEWSLETTER...SPRING '07

UP IN SMOKE

Well, we've all known it's coming for some time now, Prop 201 passed in the November election last year and goes into effect this May. What's going to happen? What will it mean to me and my business? Answering that question is somewhat complicated. The reality is that the result of legislation is going to have a wide range of effects across the food and beverage service industry in the state of AZ.

Let's try to break it down by groups based upon what statistics have shown has happened in other areas of the country. Remember, these are generalizations only and meant to provide an overview; your own particular situation could be, and very likely will be, significantly different.

Breakfast/Lunch Restaurants – virtually no impact from this legislation at all. Many of these businesses are already non-smoking and even if they are not, the percentage of their clientele that would be inconvenienced to the point of not patronizing their restaurants is seen as insignificant.

Restaurants serving 70% food or more – in most scenarios throughout the country, these operators are the greatest beneficiaries of this legislation. In many cases the patrons lost due to the inability to smoke are more than replaced by groups of ardent non-smokers that have not been attending because there was smoking allowed on the premises.

Continued inside



HOT PROPERTIES

PRIME SCOTTSDALE #6 BAR/RESTAURANT with REAL ESTATE

Live music club/restaurant with #6 liquor license and huge patio right on Scottsdale Road. This extremely popular destination generates approximately \$3 million of revenue annually. Rare opportunity to acquire a high volume operation and prime Scottsdale Real Estate. Absentee owner is selling to focus on other projects. Offered at only \$995,000 for the business and \$2.5 million for the free-standing 7,817 sq. ft. building with a 4,292 sq. ft. patio on a 51,419 sq. ft. lot. Submit all offers exclusively through The Restaurant Brokers. #1358

7 EXCELLENT EAST VALLEY QUIZNO'S LOCATIONS AVAILABLE!

Ranked #1 by Nation's Restaurant News in 2005 and these units placed in the top 20 revenue producers for all of AZ. This is an excellent opportunity for an existing operator looking to expand their portfolio or someone looking to enter the food business with a proven winner.

DOWNTOWN DINER Location, Location, Location. Prime Tempe location, currently operating as an East Coast style eatery with wonderful street exposure and easy access to ASU. Open kitchen, well laid out prep and dish area and a large patio that helps with the upcoming state-wide non-smoking challenges. All FF&E in excellent condition. Well below the cost of assets and improvements. This is a must see! \$195,000 #1418

ASIAN BISTRO Freestanding building in the heart of Scottsdale for \$15/ft. gross rent! Great visibility, lots of parking and a #12 liquor license make this a great conversion opportunity for almost any full serve concept. Recent remodel and upgrade in the kitchen. Currently being operated as an Asian themed restaurant serving lunch and dinner. \$219,000 #1406

RESTAURANT with 15 ACRES OF PRIME COMMERCIAL PROPERTY

NW corner of Highway 79 and Cactus Forest Rd. in Florence, AZ. Currently has 3 small residences and Yolanda's Chuckwagon on the property. Many potential uses. Zoned CB-2 (General Business Zone), Pinal County. Purchase also includes #6 liquor license (\$80,000 value). \$3,500,000 #1394

SPORTS BAR A free-standing building with easy access and plenty of parking on a busy major road in the Northwest Valley with a #6 liquor license offering a full-service menu, great sports viewing, video games, billiards and a brand new patio. The business generates in excess of \$1.5 million in revenue and over \$135,000 in profits annually. This confidential listing is available to experienced operators with strong financial qualifications only. \$475,000 #1392

THE DEVIL HOUSE Great Tempe location with Rural Rd. visibility and desirable nightlife destination proximity. Large 3-sided island bar and spacious outdoor patio complement a fully equipped kitchen and a series #6 Liquor License. This bar and grill is a perfect situation for catering to the ASU population and locals as a neighborhood pub with high energy nightlife. Location, location, location. Here it is! \$295,000 #1433



TWO HOT CONCEPTS This is an exceptional opportunity to purchase two excellent restaurant concepts ready to be rolled-out by an experienced operator. The Italian restaurant has two locations, one in Old Town Scottsdale with a huge patio, and features a wonderful array of pastas, pizzas and signature wines. The other is a Sushi restaurant that opened to rave reviews and is located in an upscale neighborhood just off the freeway with easy access, plenty of parking and a wonderful patio. Call for price, details and more information. #1425 and #1426

MEXICAN RESTAURANT Generating 1.2 million in revenue and over \$200,000 in profits, this business does not offer alcohol, it's all about the food! Open 6 days, for lunch and dinner only. All recipes and processes will be provided to a new owner. Seller will consent to the purchaser using whatever rights he has in the trade name at this location only. Must see! \$495,000 #1390

Visit our website to view additional listings
www.therestaurantbrokers.com

RESTAURANT INSIDER



UP IN SMOKE

Continued from front page

In a large number of suburban areas these folks greatly outnumber the displaced smokers, sometimes by as much as 200-300%.

Pubs and tavern type operations serving 50% food or less (many Sports Bars fit into this category) – this group seems to have the widest ranges of results and steps taken by ownership/management can change those results dramatically. Things like reconfiguring dining rooms, changing menu offerings, adding additional entertainment options, coming up with new promotional campaigns and of course, exercising the all important patio option [where available] can save a business and in the best case scenarios, turn what could have been a negative into a positive.

Bars and nightclub type operations – without a question statistical data shows that these are the hardest hit of our industry. The good news here is that Proposition 201 has created a “level playing field” scenario for the operators. While there is a possibility that some patrons may opt out completely in the initial stages, at least they can’t go around the corner to another municipality and smoke in the bar there. The odds of them crossing the border to a neighboring state just to smoke are pretty much nonexistent. In these businesses it appears that giving them easy access to smoking via a patio, roof deck or courtyard can greatly mitigate the possibility of severe damage to the business.

Another perspective from which to consider the impact of the smoking ban from would be geographical. Municipalities like Chandler, Gilbert, Goodyear, Guadalupe, Mesa, Surprise, and Tempe will have at least some degree of advantage when the new law becomes effective as they have been dealing with some level of non-smoking legislation for the past several years [or more]. The fact that these operators, their employees and their customers have already made the necessary adjustments, both physically and emotionally, to cope with compliance regarding the non-smoking laws virtually assures that the impact on day one at their establishments will be greatly diminished in comparison to cities like Phoenix, Scottsdale, Glendale and Peoria where a period of adjustment will be required to give all parties involved a comfort level.

The good news is that most smokers have been exposed to smoking restrictions for quite some time now and they pretty much know “the do’s and don’ts” of smoking in public. Their familiarity with the public perception on this issue and the fact that they are knowledgeable regarding the expectations of non-smokers means that the learning curve should be significantly reduced from what was experienced in the past.

Reality is that addressing the new smoking legislation is just like every other aspect of restaurant and bar operations, a matter of execution. We, as owners, operators and/or managers must arrange, or in some instances rearrange, our businesses to accommodate the needs of our customers. In the same way that potential patrons can get food and drink all over town you must give them a reason to come to your establishment for these things. Your ability to provide guests an easy to understand and administer solution to the new smoking law gives your business a competitive advantage over those that have not.

Bottom line... pay close attention to the needs of your customers; come up with solutions, plans and programs that address those needs. Define those solutions in easy to understand and implement operating policies and then clearly and concisely communicate that information to your employees. You can have the greatest ideas in the world for addressing this issue; but if you don’t do a good job teaching it to your employees, so that they can provide it to your customers, it ends up being the same as no solution at all.

Remember, everyone has to play by the same rules on this issue; don’t let it stand in the way of your success. Best of luck meeting the challenge!

"A pat on the back is just a few vertebrae up from a kick in the ass"
~Service That Sells~

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THE RESTAURANT BROKERS RECENT SALES

Tio Art's Fresh Mexican Food, 1550 N. Dysart Rd in Phoenix, was purchased by Jeong Chui Choi. It will be converted to Tomo's Japanese Restaurant and opening in Spring 2007.

222 E. University Drive has been leased by Dimitri Soris. The restaurant is currently being remodeled and converted into The Pita Pit.

Stupid's Pizza, 1301 E. University Drive in Tempe, was purchased on January 12th by Tim & Deb Pinsonneault. The name has been changed to Sparky's.

Mes Amis Bistro & Bar, located at 7704 E. Doubletree Ranch Road in Scottsdale, was purchased on January 23rd by Dennis Luz. The space will be converted into News Café.

TC Luigi's Pizza, located at 2905 S. Ellsworth Road in Mesa, was purchased on January 29th by Robert Giannini. The space will be converted into Pasta Brioni.

The Rib Master, located at 1811 N. Scottsdale Road, has been purchased by Renate Lynn Sines and will be converted into a breakfast/lunch restaurant named The Coral.

Ralph's La Hacienda, located at 15236 N 59th Avenue, has been purchased by Richard Carlson on February 5th. It is currently being operated as Long Wongs.

Quizno's at Kyrene and Chandler has been purchased by Floyd Emshweller & Heidi McWilliams. It is being converted to Capone's Cafe, a deli style restaurant.

Benchwarmers, located at 801 S. Power Road, was recently purchased by Tom & Pam Panopoulos and Mike Ryan. No changes are planned at this time.

Big Star BBQ, located at 6185 W. Chandler Blvd., was purchased by Brad Stevens. It will be converted into Soma Café.

Dragonfly Cafe, located at 10135 E. Via Linda in Scottsdale, was recently purchased by Mark Panas. No changes are currently planned at this time.

PEARLS OF WISDOM

~ Courtesy of Sullivanvision.com

How to Get Your Team to Think Like Owners. Foodservice owners, operators and managers have a huge credibility gap with their hourly team members. In fact, you'll laugh when you hear it, but your employees believe it to be true: did you know you're making a fortune? Yep. Hand over fist. Boatloads of bling. Most employees believe that if you sell a menu item for \$7.99, that \$7.97 of that sale goes right into the owner's pocket. Maybe it's time to teach our team to run it like they own it. Where do you start? Here's 7 ways to run it like you own it:

1. Food safety/cleanliness is job number ONE.
2. Show them the money. Hang up a poster of a one dollar bill. Divide the bill proportionately indicating how much of that dollar goes to: labor, food, beverage, marketing, napkins, utilities, rent, insurance, taxes, etc. Show them the average profit is only a nickel.
3. All restaurants are sales-controlled but not all are sales-driven. Teach your team how to sell more.
4. Teach them "why" before "how". Too much of what passes for "training" is managers telling team members what to do and how to do it instead of first telling them WHY we do it.
5. Appreciate your assets. Employees are like spouses; if you don't show appreciation, they will go somewhere else.
6. Focus on the 99 not the 1. For every one hundred customers we serve, 99 are awesome, and 1 can be challenging. How we re-channel our emotions and energy after interacting with the "Customer from Hell" is a reflection of our professionalism and ownership mindset.
7. It's easy to make a buck. It's a lot tougher to make a difference. In any successful business, there's no greatness without goodness.

JOKE OF THE MONTH "THE RESTAURANT"

A man rushed into a bar and ordered a double martini. The man downed it with one swallow, put a ten dollar bill on the bar and turned and rushed out of the bar. The bartender picked up the ten dollar bill, and folded it carefully and tucked it in his vest pocket. Just at that moment he looked up at the boss standing in the doorway staring at him. Doing a bit of fast thinking he said, "Hi boss, did you see that fellow just now? Came in here, bought a double martini, gave me a ten dollar tip, and rushed out without paying."



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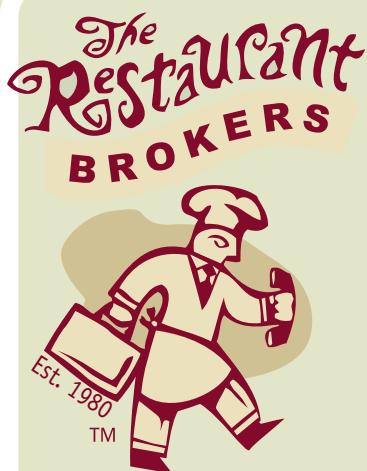
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Numbers that COUNT

2000 LBS

A ton of potatoes will yield 28.6 gallons of pure alcohol. Potatoes are an important product source for commercial alcohol.

~FoodReference.com

51%

Fifty-one percent of being smart is knowing what you're dumb at.

~Sullivison, Inc.

22%

On average 22% of restaurants in Arizona have their own websites as compared to 84% in Silicon Valley.

~The Business Journal

10 PM - 5 AM

Top "Late Night" Foods

1. Burgers
2. French Fries
3. Pizza
4. Salty Snacks
5. Ice Cream
6. Nuggets/Strips
7. Breaded Chicken Sandwiches
8. Doughnuts
9. Tacos
10. Breakfast Sandwiches

~National Restaurant News

44%

Beer accounts for nearly half of all servings of alcoholic beverages. Casual-dining, fine dining and upscale hotel segments.

- 44% Beer
- 29% Cocktails
- 22% Wine
- 5% Other alcohol

~National Restaurant News

154,958

The aggregate number of square feet of restaurant and bar space sold or leased by The Restaurant Brokers in the last 12 months.

~The Restaurant Brokers